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Sen. Richard D. Young
Sen. Earline Rogers
Sen. Patricia Miller
Sen. Thomas Wyss
Sen. James Merritt
Sen. David Long



LEGISLATIVE COUNCIL

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 233-0696 Fax: (317) 232-2554

LSA Staff:

Philip J. Sachtleben, Attorney for the Council
Diane Powers, Fiscal Analyst for the Council

Authority: IC 2-5-1.1

MEETING MINUTES¹

Meeting Date: June 13, 2006
Meeting Time: 2:00 P.M.
Meeting Place: State House, 200 W. Washington St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Brian Bosma, Chairman; Sen. Robert Garton, Vice-Chairman; Rep. Dale Grubb; Rep. B. Patrick Bauer; Rep. William Friend; Rep. Eric Turner; Rep. Tim Brown; Rep. Russell Stilwell; Sen. James Lewis; Sen. Richard D. Young; Sen. Earline Rogers; Sen. Patricia Miller; Sen. Thomas Wyss; Sen. James Merritt; Sen. David Long.

Members Absent: Rep. Kathy Richardson.

Introduction

Speaker Brian C. Bosma, Chairman, called the meeting to order at 2:24 PM. The Chairman introduced the members and a roll call was taken. Representative

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Richardson was excused from attendance.

The Chairman noted that this meeting was being broadcast into the hallway outside of the room, and that future meetings could be broadcast over the Internet.

LCR 06-01: Interim committee study topics

The Chairman asked Mr. Philip Sachtleben, Executive Director of the Legislative Services Agency (LSA) to explain LCR 06-01 concerning the recommendations of the four leaders as to interim study committee assignments for this summer. Mr. Sachtleben briefly discussed each topic being assigned, and noted that the leaders had added three additional topics to the LCR as previously distributed.

The three additions to the proposal included the following:

(1) To be added to the charges assigned to the interim study committee on criminal justice matters:

"C. Issues pertaining to the qualifications and training of coroners."

(2) To be added to the charge assigned to the interim study committee on alcoholic beverage issues:

"B. Conduct a study of the Alcohol and Tobacco Commission's (ATC) actions regarding local alcoholic beverage boards throughout Indiana (as described in a May 31, 2006, letter from Senator Tom Wyss).

(3) To be added to the charges assigned to the Health Finance Commission:

"D. Certification of surgical technicians."

A motion was made and seconded to amend the proposed LCR 06-01 to include the three additional topics described by Mr. Sachtleben.

LEOPS: Senator Miller discussed the work plan of the Legislative Evaluation and Oversight Policy Subcommittee (IC 2-5-21) for the interim. She noted that the Family and Social Services Administration (FSSA) Evaluation Committee would continue to focus on the survey of FSSA consumers.

Legislation was adopted this year that directs the FSSA to provide information to the LSA or a contractor of the LSA necessary to complete the survey of customer satisfaction. She also noted that the committee and the LSA will determine whether the survey can be done in-house. If that route is not taken, Senator Miller added that the legislative leaders would be asked to authorize use of Legislative Council contingency funds for the project.

Contact lens issues: Senator Garton asked Representative Turner to explain the need for a study of the restraint of trade issues associated with contact lenses (which under LCR 06-01 was referred to the Health Policy Advisory Committee). Representative Turner suggested that the study should look into the manner in which contact lenses are available for purchase, including purchase over the

Internet. Senators Miller and Wyss asked about the standards and procedures that would be used if contacts were sold of the Internet. Representative Turner responded that the goal of the study was to try to allow consumers more choice in where they obtained their contact lenses.

A motion to adopt the amended LCR 06-01 was unanimously adopted.

Announcement of subcommittee membership, chairs, and charges

The Speaker announced that the Legislative Council would have the following subcommittees:

DATA PROCESSING SUBCOMMITTEE

Representative Richardson, Chair
Representative Stilwell
Senator Wyss
Senator Lewis

EVALUATION AND OVERSIGHT POLICY SUBCOMMITTEE

Representative T. Brown, Chair
Representative Grubb
Senator Miller
Senator R. Young

PERSONNEL SUBCOMMITTEE (to which is delegated all personnel matters of the Legislative Council)

Representative Bosma, Chair
Representative Bauer
Senator Garton
Senator R. Young

SPACE UTILIZATION SUBCOMMITTEE

Representative Richardson, Chair
Representative Grubb
Senator Long
Senator Rogers

LCR 06-02: Rules governing the operation of study committees

The Chairman then asked Mr. Sachtleben to explain LCR 06-02. Mr. Sachtleben noted that this LCR, if adopted, would establish the rules under which the interim study committees would operate including funding, deadlines, staffing, reports, and other matters. He stated that these rules were identical to those in effect during the 2005 interim. In response to a question from Chairman Bosma, Mr. Sachtleben stated that the funding in the LCR provides that committees can meet at

least three times. Depending upon attendance, the funding has in some instances provided for up to five meetings.

LCR 06-02 was adopted by consent.

LCR 06-03: Payment of dues to national organizations

The Chairman next discussed LCR 06-03 which would direct the Executive Director of the LSA to pay dues to the National Conference of State Legislatures (NCSL), the Council of State Governments (CSG), and the National Conference of Insurance Legislators (NCOIL) from appropriations made the Council in 2005.

LCR 06-03 was adopted by consent.

LCR 06-04: Council and LSA biennial budget request

The next item on the agenda was proposed LCR 06-04 which identified the various budget bill line item used to support the operation of the Council and the LSA. Mr. Sachtleben explained the computations, COLA assumptions, and new initiatives used to develop each of the seven line item amounts. He noted that these amounts would be included in the budget bill as introduced during the 2007 session.

LCR 06-04 was adopted by consent.

Senator Wyss asked a question concerning the assignment of port and other transportation related security matters to the Counterterrorism and Security Council. Mr. Sachtleben agreed to provide him with the statutory provisions that protect security information under current law.

The Chairman then noted that Mr. Sachtleben had agreed to return to his position as Associate Vice President of Ball State University. He announced that the legislative leaders had discussed this matter, and were developing a process to fill the vacancy. He thanked Mr. Sachtleben for his nine years of service as Executive Director, and permitted Mr. Sachtleben to add his own comments of appreciation to the General Assembly.

LSA property tax presentation re: impact of 2006 homestead credit increase

The Chairman then called on Dr. Larry DeBoer, Professor of Agricultural Economics at Purdue University, to present the LSA's report on the impact of an increase in homestead credits that had been approved by General Assembly during the 2006 session. His handouts are available from the Legislative Information Center, but his general introductory materials included the following:

A presentation to the Indiana Legislative Council, June 13, 2006

This presentation analyzes the effects of the increase in the homestead credit from 20% to 28% of eligible levies for taxes payable in 2006.

The tax bill example shows how the homestead credit amount is calculated. Each tax district has an eligible levy share. Slightly more than half (51.63%) of the levy is eligible for the homestead credit in this Tippecanoe tax district. In 2005, when the credit was 20%, the homestead credit rate was the eligible levy share times the 20% credit. Tippecanoe has an additional local homestead rate of 8% of the eligible levy share, so the total homestead credit rate in this district was 14.456%. The homestead dollar amount equals the net levy (gross tax less the property tax replacement credit) times this rate. It is useful to calculate an overall net tax rate, which is the net tax payment after credits, divided by the net assessed value after deductions. The percentage change in this net rate from 2005 to 2006 equals the percentage change in the tax bill on homesteads that had no assessed value changes.

Chart 1 shows the Legislative Services Agency's forecast for 2006 tax bill changes, made in March 2006. The added homestead credit was predicted to reduce the property tax payment on the average homestead by 5%.

Charts 2 and 3 show the range of net tax rate changes between 2005 and 2006, for 1,948 tax districts. The average rate change for homesteads with the 28% homestead credit was -1.5%. Had the 20% homestead credit remained unchanged, the average rate change would have been +3.7%. The average rate changes for non-homestead real and personal property are +4.9 and +4.6%, respectively. Tables are provided showing the average tax bill changes, in dollars, for homesteads by county, and the average rate changes for homesteads, other real property and business personal property by county and by tax district. Statewide, the higher homestead credit saves the average homestead owner \$69.28 in property tax. Statewide, the higher homestead credit reduces the average homestead owner's tax bill by 5%.

The Council questioned Dr. DeBoer concerning various aspects of property taxes. Representative Bauer asked whether the homestead credit increase would cause a "shift" between various classes of taxpayers. Dr. DeBoer said that there would not be a shift as this tax benefit was being funded with state tax dollars. Representative Bauer also asked about other factors that would affect property taxes in 2007. Dr. DeBoer discussed various changes that would affect different taxpayers in different ways. They include trending, elimination of inventory tax, statewide caps, elimination of the 2006 increase in homestead credits, and the increase in the homestead deduction. He then asked Bob Sigalow of the LSA Office of Fiscal and Management Analysis to discuss the actual percentage changes by different taxpayer types.

The Chairman then suggested that copies of Dr. DeBoer's analysis be sent by the caucus staffs to all members. He then thanked Dr. DeBoer and the LSA for the quality of the information provided during the presentation.

There being no further business for the Council, the Chairman adjourned the meeting at 3:35 PM.